

# House Study Bill 110

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
LOCAL GOVERNMENT BILL  
BY CHAIRPERSON GASKILL)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the operation of county, city, and memorial  
2 hospitals and the duties and powers of hospital trustees and  
3 commissioners.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 1162HC 83  
6 md/sc/5

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1 1 Section 1. Section 21.5, subsection 1, paragraph 1, Code  
1 2 2009, is amended to read as follows:  
1 3 1. To discuss patient care quality and process improvement  
1 4 initiatives in a meeting of a public hospital or to discuss  
1 5 marketing and pricing strategies or similar proprietary  
1 6 information in a meeting of a public hospital, where public  
1 7 disclosure of such information would harm such a hospital's  
1 8 competitive position when no public purpose would be served by a  
1 9 public disclosure. The minutes and the audio recording of a  
1 10 closed session under this paragraph shall be available for  
1 11 public inspection when the public disclosure would no longer  
1 12 harm the hospital's competitive position. For purposes of  
1 13 this paragraph, "public hospital" means the same as defined in  
1 14 section 249J.3. This paragraph does not apply to the  
1 15 information required to be disclosed pursuant to section  
1 16 347.13, subsection ~~14~~ 11, or to any discussions relating to  
1 17 terms or conditions of employment, including but not limited  
1 18 to compensation of an officer or employee or group of officers  
1 19 or employees.  
1 20 Sec. 2. Section 37.9, subsection 5, Code 2009, is amended  
1 21 to read as follows:  
1 22 5. The commissioners having the management and control of  
1 23 a memorial hospital shall, within ten days after their  
1 24 appointment, qualify by taking the usual oath of office, but  
1 25 no bonds shall be required of them ~~except as hereinafter~~  
~~1 26 provided. The commissioners shall organize by electing a~~  
~~1 27 chairperson, secretary, and treasurer. The secretary and~~  
~~1 28 treasurer shall each file with the chairperson of the~~  
~~1 29 commission a surety bond in such sum as the commission may~~  
~~1 30 require, with sureties approved by the commission, for the use~~  
~~1 31 and benefit of the memorial hospital. The reasonable costs of~~  
~~1 32 such bonds shall be paid from operating funds of the hospital.~~  
1 33 The secretary shall immediately report to the county auditor  
1 34 and county treasurer the names of the chairperson, secretary,  
1 35 and treasurer of the commission. The commission shall meet ~~at~~  
~~2 1 least once each month as necessary to adequately oversee the~~  
~~2 2 operation of the hospital. A majority of the commission~~  
2 3 members shall constitute a quorum for the transaction of  
2 4 business. The secretary shall keep a complete record of its  
2 5 proceedings. The commissioners of a memorial hospital shall  
2 6 have all of the powers and duties necessary to manage,  
2 7 control, and govern the memorial hospital including but not  
2 8 limited to any applicable powers and duties granted boards of  
2 9 trustees under other provisions of the Code relating to  
2 10 hospitals, nursing homes, assisted or independent living  
2 11 services, and other ancillary services irrespective of the  
2 12 chapter of the Code under which such institutions are  
2 13 established, organized, operated, or maintained, unless such  
2 14 provisions conflict with this chapter.  
2 15 Sec. 3. Section 249J.24, subsection 6, paragraph b, Code  
2 16 2009, is amended to read as follows:  
2 17 b. The board of trustees of the acute care teaching

2 18 hospital identified in this subsection and the department  
2 19 shall execute an agreement under chapter 28E by July 1, 2005,  
2 20 and annually by July 1, thereafter, to specify the  
2 21 requirements relative to distribution of the proceeds and the  
2 22 distribution of moneys to the hospital from the IowaCare  
2 23 account. The agreement shall include provisions relating to  
2 24 exceptions to the deadline for submission of clean claims as  
2 25 required pursuant to section 249J.7 and provisions relating to  
2 26 data reporting requirements regarding the expansion  
2 27 population. The agreement may also include a provision  
2 28 allowing such hospital to limit access to such hospital by  
2 29 expansion population members based on residency of the member,  
2 30 if such provision reflects the policy of such hospital  
2 31 regarding indigent patients existing on April 1, 2005, as  
2 32 adopted by its board of hospital trustees pursuant to section  
2 33 ~~347.14, subsection 4.~~

2 34 Sec. 4. Section 331.321, subsection 1, paragraph p, Code  
2 35 2009, is amended to read as follows:

3 1 p. A temporary board of hospital trustees in accordance  
3 2 with sections 347.9, 347.9A, and 347.10 if a proposition to  
3 3 establish a county hospital has been approved by the voters.

3 4 Sec. 5. Section 347.7, Code 2009, is amended to read as  
3 5 follows:

3 6 347.7 TAX LEVIES.

3 7 1. a. If a county hospital is established, the board of  
3 8 supervisors, at the time of levying ordinary taxes, shall levy  
3 9 a tax at the rate voted not to exceed fifty-four cents per  
3 10 thousand dollars of assessed value in any one year for the  
3 11 erection and equipment of the hospital, and also a tax not to  
3 12 exceed twenty-seven cents per thousand dollars of value for  
3 13 the improvement, maintenance, and replacements of the  
3 14 hospital, as certified by the board of hospital trustees.  
3 15 However, in counties having a population of two hundred  
3 16 twenty-five thousand or over, the levy for taxes payable in  
3 17 the fiscal year beginning July 1, 2001, and for subsequent  
3 18 fiscal years, for improvements and maintenance of the hospital  
3 19 shall not exceed two dollars and five cents per thousand  
3 20 dollars of assessed value in any one year.

3 21 b. The proceeds of the taxes constitute the county public  
3 22 hospital fund ~~and the~~. The fund is subject to review by the  
3 23 board of supervisors in counties having a population of two  
3 24 hundred twenty-five thousand or over. However, the board of  
3 25 trustees of a county hospital, where funds are available in  
3 26 the county public hospital fund of the county which are  
3 27 unappropriated, may use the unappropriated funds for erecting  
3 28 and equipping hospital buildings and additions to the hospital  
3 29 buildings without authority from the voters of the county.

3 30 2. No A levy shall not be made for the improvement,  
3 31 maintenance, or replacements of the hospital until the  
3 32 hospital has been constructed, staffed, and receiving  
3 33 patients. If revenue bonds are issued and outstanding under  
3 34 section 331.461, subsection 2, paragraph "d", the board may  
3 35 levy a tax to pay operating and maintenance expenses in lieu  
4 1 of the authority otherwise contained in this section not to  
4 2 exceed twenty-seven cents per thousand dollars of assessed  
4 3 value or not to exceed one dollar and twenty-one and one-half  
4 4 cents per thousand dollars of assessed value for improvements  
4 5 and maintenance of the hospital in counties having a  
4 6 population of two hundred twenty-five thousand or over.

4 7 3. In addition to levies otherwise authorized by this  
4 8 section, the board of ~~supervisors~~ hospital trustees may  
4 9 certify for levy a tax at the rate, not to exceed twenty-seven  
4 10 cents per thousand dollars of assessed value, necessary to  
4 11 raise the amount budgeted by the board of hospital trustees  
4 12 for support of ambulance service as authorized in section  
4 13 347.14, subsection ~~14~~ 2.

4 14 4. a. The tax levy authorized by this section for  
4 15 operation and maintenance of the hospital may be available in  
4 16 whole or in part to any county with or without a county  
4 17 hospital organized under this chapter, to be used to enhance  
4 18 rural health services in the county. However, the tax levied  
4 19 may be expended for enhancement of rural health care services  
4 20 only following a local planning process. The Iowa department  
4 21 of public health shall establish guidelines to be followed by  
4 22 counties in implementing the local planning process which  
4 23 shall require legal notice, public hearings, and a referendum  
4 24 in accordance with this ~~section and section 347.30~~ subsection  
4 25 prior to the authorization of any new levy or a change in the  
4 26 use of a levy. The notice shall describe the new levy or the  
4 27 change in the use of the levy, indicate the date and location  
4 28 of the hearing, and shall be published as least once each week

4 29 for two consecutive weeks in a newspaper having general  
4 30 circulation in the county. The hearing shall not take place  
4 31 prior to two weeks after the second publication.

4 32 b. Enhancement of rural health services for which the tax  
4 33 levy pursuant to this section may be used includes but is not  
4 34 limited to emergency medical services, health care services  
4 35 shared with other hospitals, rural health clinics, and support  
5 1 for rural health care practitioners and public health  
5 2 services.

5 3 c. When alternative use of funds from the tax levy  
5 4 authorized by this section is proposed in a county with a  
5 5 county hospital organized under this chapter, use of the funds  
5 6 shall be agreed upon by the elected board of trustees of the  
5 7 county hospital. When alternative use of funds from the tax  
5 8 levy authorized by this section is proposed in a county  
5 9 without a county hospital organized under this chapter, use of  
5 10 the funds shall be agreed upon by the board of supervisors and  
5 11 any publicly elected hospital board of trustees within the  
5 12 county prior to submission of the question to the voters.

5 13 d. Moneys raised from a tax levied in accordance with this  
5 14 paragraph subsection for the purpose of enhancing rural health  
5 15 services in a county without a county hospital shall be  
5 16 designated and administered by the board of supervisors in a  
5 17 manner consistent with the purposes of the levy.

5 18 Sec. 6. Section 347.9, Code 2009, is amended to read as  
5 19 follows:

5 20 347.9 TRUSTEES == APPOINTMENT == TERMS OF OFFICE.

5 21 When it has been determined by the voters of a county to  
5 22 establish a county public hospital, the board shall appoint  
5 23 seven trustees chosen from among the resident citizens of the  
5 24 county with reference to their fitness for office, and not  
5 25 more than four of the trustees shall be residents of the city  
5 26 at which the hospital is located. The trustees shall hold  
5 27 office until the following general election, at which time  
5 28 their successors shall be elected, two for a term of two  
5 29 years, two for four years, and three for six years, and they  
5 30 shall determine by lot their respective terms, and thereafter  
5 31 their successors shall be elected for regular terms of six  
5 32 years each. ~~A person or spouse of a person with medical or  
5 33 special staff privileges in the county public hospital or who  
5 34 receives direct or indirect compensation in an amount greater  
5 35 than one thousand five hundred dollars in a calendar year from  
6 1 the county public hospital or direct or indirect compensation  
6 2 in an amount greater than one thousand five hundred dollars in  
6 3 a calendar year from a person contracting for services with  
6 4 the hospital shall not be eligible to serve as a trustee for  
6 5 that county public hospital. However, this section does not  
6 6 prohibit a licensed health care practitioner from serving as a  
6 7 hospital trustee if the practitioner's sole use of the county  
6 8 hospital is to provide health care service to an individual  
6 9 with mental retardation as defined in section 222.2.~~

6 10 Sec. 7. NEW SECTION. 347.9A TRUSTEE ELIGIBILITY ==  
6 11 CONFLICT OF INTEREST.

6 12 1. The following persons shall not be eligible to serve as  
6 13 a trustee for a county public hospital:

6 14 a. A person or spouse of a person with medical or special  
6 15 staff privileges in the county public hospital.

6 16 b. A person or spouse of a person who receives direct  
6 17 compensation in an amount greater than one thousand five  
6 18 hundred dollars in a calendar year from the county public  
6 19 hospital.

6 20 2. The transactions of a hospital trustee or a hospital  
6 21 trustee's spouse shall be limited as follows:

6 22 a. A conflict of interest transaction is a transaction  
6 23 with the hospital in which a hospital trustee or a hospital  
6 24 trustee's spouse has a direct interest of less than or equal  
6 25 to one thousand five hundred dollars or indirect interest in  
6 26 any amount. A conflict of interest transaction is not  
6 27 voidable on the basis of the conflict of interest if all of  
6 28 the following are true:

6 29 (1) The material facts of the transaction and the interest  
6 30 of the trustee or the trustee's spouse were disclosed or known  
6 31 to the board of hospital trustees.

6 32 (2) The board of hospital trustees authorized, approved,  
6 33 or ratified the transaction. A conflict of interest  
6 34 transaction is authorized, approved, or ratified if it  
6 35 receives the affirmative vote of a majority of the  
7 1 disinterested trustees at a meeting where a quorum is present  
7 2 and where three or more trustees are disinterested in the  
7 3 conflict of interest transaction.

7 4 (3) The transaction was fair to the hospital at the time

7 5 of the transaction.

7 6 b. For the purposes of this section, a trustee has an  
7 7 indirect interest in a transaction if either of the following  
7 8 is true:

7 9 (1) Another entity in which the trustee or the trustee's  
7 10 spouse has a material interest or in which the trustee or the  
7 11 trustee's spouse is a general partner is party to the  
7 12 transaction.

7 13 (2) Another entity of which the trustee or the trustee's  
7 14 spouse is a director, officer, or trustee is a party to the  
7 15 transaction.

7 16 3. This section does not prohibit a licensed health care  
7 17 practitioner from serving as a hospital trustee if the  
7 18 practitioner's sole use of the county hospital is to provide  
7 19 health care service to an individual with mental retardation  
7 20 as defined in section 222.2.

7 21 Sec. 8. Section 347.10, Code 2009, is amended to read as  
7 22 follows:

7 23 347.10 VACANCIES.

7 24 Vacancies ~~in~~ on the board of trustees may, until the next  
7 25 general election, be filled by appointment by the remaining  
7 26 members of the board of trustees or, if fewer than four  
7 27 trustees remain on the board, by the board of supervisors for  
7 28 the period until the vacancies are filled by election. An  
7 29 appointment made under this section shall be for the unexpired  
7 30 balance of the term of the preceding trustee. If any a board  
7 31 member is absent for four consecutive regular board meetings,  
7 32 without prior excuse, the member's position shall be declared  
7 33 vacant and filled as set out in this section.

7 34 Sec. 9. Section 347.11, Code 2009, is amended by striking  
7 35 the section and inserting in lieu thereof the following:

8 1 347.11 ORGANIZATION == MEETINGS == QUORUM.

8 2 Hospital trustees shall qualify by taking the usual oath of  
8 3 office as provided in chapter 63 and organize by the election  
8 4 of a chairperson, a secretary, and a treasurer. The secretary  
8 5 shall report to the county auditor and county treasurer the  
8 6 names of the chairperson, secretary, and treasurer of the  
8 7 board of hospital trustees as soon as practicable after the  
8 8 qualification of each. A board of hospital trustees shall  
8 9 meet as necessary to adequately oversee the operation of the  
8 10 hospital. Four trustees shall constitute a quorum necessary  
8 11 for actions by the board of hospital trustees. The secretary  
8 12 shall maintain a complete record of board meetings,  
8 13 proceedings, and actions.

8 14 Sec. 10. Section 347.12, Code 2009, is amended to read as  
8 15 follows:

8 16 347.12 ~~OFFICERS' DUTIES -- PURCHASING REGULATIONS REVENUE~~  
8 17 ~~COLLECTED == ACCOUNTING PRACTICES.~~

~~8 18 The treasurer of the county hospital shall receive and~~  
~~8 19 disburse all funds. Warrants shall be drawn by the secretary~~  
~~8 20 and countersigned by the chairperson of the board after the~~  
~~8 21 claim has been certified by the board. However, the board may~~  
~~8 22 adopt purchasing regulations to govern the purchase of~~  
~~8 23 specified goods and services without the prior certification~~  
~~8 24 by the board. The purchasing regulations shall conform to~~  
~~8 25 generally accepted practices followed by public purchasing~~  
~~8 26 officers.~~

~~8 27 The treasurer of the county hospital shall keep an accurate~~  
~~8 28 account of all receipts and disbursements and shall register~~  
~~8 29 all orders drawn and reported to the treasurer by the~~  
~~8 30 secretary, showing the number, date, to whom drawn, the fund~~  
~~8 31 upon which drawn, the purpose and amount.~~

~~8 32 The secretary of the hospital board of trustees shall file~~  
~~8 33 monthly on or before the thirtieth day of each month with such~~  
~~8 34 board a complete statement of all receipts and disbursements~~  
~~8 35 from all funds during the preceding month, and also the~~  
~~9 1 balance remaining on hand in such funds at the close of the~~  
~~9 2 period covered by said statement.~~

9 3 1. Before the fifteenth day of each month, the county  
9 4 treasurer shall give notice to the chairperson of the board of  
9 5 hospital trustees or the chairperson's designee of the amount  
9 6 of revenue collected for each fund of the hospital to the  
9 7 first day of that month and the county treasurer shall pay the  
9 8 taxes to the treasurer of the hospital as provided in section  
9 9 331.552, subsection 29.

9 10 2. a. The hospital administrator, or the administrator's  
9 11 designee, shall ensure that all accounts, funds, reports, and  
9 12 financial statements of the county hospital conform to  
9 13 generally accepted accounting principles as established by the  
9 14 governmental accounting standards board.

9 15 b. The hospital administrator, or the administrator's

9 16 designee, shall file a financial report with the board of  
9 17 hospital trustees on or before the date of each regularly  
9 18 scheduled board meeting for the period of time since the  
9 19 board's previous regularly scheduled meeting.

9 20 Sec. 11. Section 347.13, Code 2009, is amended by striking  
9 21 the section and inserting in lieu thereof the following:

9 22 347.13 BOARD OF TRUSTEES == DUTIES.

9 23 A board of hospital trustees' duties shall include all of  
9 24 the following:

9 25 1. Engage in all activities necessary to manage, control,  
9 26 and govern the hospital unless otherwise prohibited under this  
9 27 chapter.

9 28 2. Exercise all the rights and duties of hospital trustees  
9 29 including but not limited to authorizing the delivery of any  
9 30 health care service, assisted or independent living service,  
9 31 or other ancillary service.

9 32 3. Adopt bylaws and rules for its own guidance and for the  
9 33 government of the hospital.

9 34 4. Exercise fiduciary duties in accordance with section  
9 35 504.831, subsections 1 through 5.

10 1 5. Employ or contract for an administrator and fix the  
10 2 administrator's compensation. The administrator shall have  
10 3 authority to oversee the day-to-day operations of the hospital  
10 4 and its employees.

10 5 6. Approve the appointment of a qualified medical staff  
10 6 and oversee the quality of medical care and services provided  
10 7 by the hospital.

10 8 7. Manage and control the hospital's funds in accordance  
10 9 with chapter 540A. In addition to investments permitted under  
10 10 section 12B.10, county hospital investments may include common  
10 11 stocks.

10 12 8. Establish charity care policies for free treatment or  
10 13 financial assistance for care provided by the hospital, and  
10 14 fix the price to be charged to other patients admitted to the  
10 15 hospital for care and treatment.

10 16 9. Procure and pay premiums on any and all insurance  
10 17 policies required for the prudent management of the hospital  
10 18 including but not limited to public liability, professional  
10 19 malpractice liability, workers' compensation, and vehicle  
10 20 liability. Said insurance may include as additional insureds  
10 21 members of the board of trustees and employees of the  
10 22 hospital. This subsection applies to all county hospitals  
10 23 whether organized under this chapter, chapter 347A, chapter  
10 24 37, or otherwise established by law.

10 25 10. Certify levies for a tax in excess of any tax levy  
10 26 limit to meet its obligations to pay the premium costs on tort  
10 27 liability insurance, property insurance, workers' compensation  
10 28 insurance, and any other insurance that may be necessary for  
10 29 the prudent management and operation of the county public  
10 30 hospital, the costs of a self-insurance program, the costs of  
10 31 a local government risk pool, and amounts payable under any  
10 32 insurance agreements to provide or procure such insurance,  
10 33 self-insurance program, or local government risk pool.

10 34 11. Publish quarterly in each of the official newspapers  
10 35 of the county as selected by the board of supervisors pursuant  
11 1 to section 349.1 the schedule of bills allowed, and publish  
11 2 annually in such newspapers the schedule of salaries paid by  
11 3 job classification and category, but not by listing names of  
11 4 individual employees. The names, salaries, and job  
11 5 classification of employees paid in whole or in part from a  
11 6 tax levy shall be a public record and open to inspection at  
11 7 reasonable times as designated by the board of trustees.

11 8 12. Fix the amount necessary for the improvement and  
11 9 maintenance of the hospital and for support of ambulance  
11 10 service during the ensuing fiscal year, and certify the amount  
11 11 to the county auditor before March 15 of each year, subject to  
11 12 any limitation in section 347.7.

11 13 Sec. 12. Section 347.14, Code 2009, is amended by striking  
11 14 the section and inserting in lieu thereof the following:

11 15 347.14 BOARD OF TRUSTEES == POWERS.

11 16 The board of trustees may:

11 17 1. Purchase, condemn, or lease a site for such public  
11 18 hospital and provide and equip suitable hospital buildings.

11 19 2. Cause plans and specifications to be made and adopted  
11 20 for all hospital buildings, and advertise for bids, as  
11 21 required by law for other county buildings, before making a  
11 22 contract for the construction of a building.

11 23 3. Notwithstanding any provision of chapter 26 to the  
11 24 contrary, enter into a design-build contract for construction  
11 25 projects. The design-build contract shall be awarded through  
11 26 a competitive selection process that utilizes, at a minimum,

11 27 contractor qualifications, quality, completion time, and cost  
11 28 as award criteria. As used in this subsection, "design-build  
11 29 contract" means a single contract providing for both design  
11 30 services and construction services that may include  
11 31 maintenance, operations, preconstruction, and other related  
11 32 services.

11 33 4. Accept property by gift, devise, bequest, or otherwise.  
11 34 If the board deems it advisable, the board may sell, lease,  
11 35 exchange, or otherwise dispose of any hospital property upon a  
12 1 concurring vote of a majority of all members of the board of  
12 2 hospital trustees. The proceeds of such sale, lease,  
12 3 exchange, or other disposition may be applied to any lawful  
12 4 purpose, subject to approval of the board.

12 5 5. Borrow moneys to be secured solely by hospital revenues  
12 6 for the purposes of improvement, maintenance, or replacement  
12 7 of the hospital or for hospital equipment.

12 8 6. Establish and maintain in connection with the hospital  
12 9 a training school for nurses or other health professions.

12 10 7. Establish a fund for depreciation as a separate fund.  
12 11 Moneys deposited in the fund shall remain in the fund until  
12 12 such time as in the judgment of the board of trustees it is  
12 13 deemed advisable to use the funds for hospital purposes.

12 14 Interest earned on moneys in the fund shall be deposited in  
12 15 the fund.

12 16 8. Operate a health care facility as defined in section  
12 17 135C.1 in conjunction with the hospital.

12 18 9. Purchase, lease, equip, maintain, and operate an  
12 19 ambulance or ambulances to provide necessary and sufficient  
12 20 ambulance service or to contract for such vehicles, equipment,  
12 21 maintenance, or service when such ambulance service is not  
12 22 otherwise available.

12 23 10. a. Submit to the voters at an election held on a date  
12 24 specified in section 39.2, subsection 4, paragraph "a", a  
12 25 proposition to sell or lease a county public hospital for use  
12 26 as a private hospital or as a merged area hospital under  
12 27 chapter 145A or to sell or lease a county hospital in  
12 28 conjunction with the establishment of a merged area hospital.  
12 29 The authorization of the board of hospital trustees submitting  
12 30 the proposition may, but is not required to, contain  
12 31 conditions which provide for maintaining hospital care within  
12 32 the county, for the retention of county public hospital  
12 33 employees and staff, and for the continuation of the board of  
12 34 trustees for the purpose of carrying out provisions of  
12 35 contracts. Proceeds from the sale or lease of the county  
13 1 hospital or other assets of the board of trustees shall not be  
13 2 used for the prepayment of health care services for residents  
13 3 of the county with the purchaser or lessee of the county  
13 4 hospital or to underwrite the sale or lease of the county  
13 5 hospital.

13 6 b. The proposition submitted to the voters of the county  
13 7 shall not be set forth at length, but it shall be in  
13 8 substantially the following form:

13 9 "Shall the board of hospital trustees of .....  
13 10 county, state of Iowa, be authorized to ..... (state  
13 11 authorization which may exclude the conditions) in accordance  
13 12 with the terms of authorization approved at the meeting of  
13 13 ..... (cite date) of the board of hospital trustees?"

13 14 c. If the proposition is approved by a majority of the  
13 15 total votes cast for and against the proposition at the  
13 16 election, the board of hospital trustees shall proceed to  
13 17 carry out the authorization granted.

13 18 11. If the board authorizes delivery of additional health  
13 19 care services, assisted or independent living services, or  
13 20 other ancillary services under section 347.13, subsection 2,  
13 21 the board is granted all of the powers and duties necessary  
13 22 for the management, control, and government of the  
13 23 institutions including but not limited to any applicable  
13 24 powers and duties granted boards of trustees under other  
13 25 provisions of the Code relating to hospitals, nursing homes,  
13 26 assisted or independent living services, and other ancillary  
13 27 services irrespective of the chapter of the Code under which  
13 28 such an entity is established, organized, operated, or  
13 29 maintained, unless such provisions are in conflict with this  
13 30 section and section 347.13.

13 31 Sec. 13. Section 347.16, subsection 4, Code 2009, is  
13 32 amended by striking the subsection.

13 33 Sec. 14. Section 347.19, Code 2009, is amended to read as  
13 34 follows:

13 35 347.19 COMPENSATION == EXPENSES.

14 1 ~~No~~ A trustee shall not receive any compensation for  
14 2 services performed under this chapter, but a trustee shall be

14 3 reimbursed for ~~any cash expenditures actually made for~~  
14 4 ~~personal actual and necessary~~ expenses incurred in the  
14 5 performance of ~~the trustee's~~ duties. ~~An itemized statement of~~  
14 6 ~~such expenses, verified by the oath of each such trustee,~~  
14 7 ~~shall be filed with the secretary, and the same shall only be~~  
14 8 ~~allowed by an affirmative vote of all trustees present at the~~  
14 9 ~~meeting of the board.~~

14 10 Sec. 15. Section 347A.1, Code 2009, is amended to read as  
14 11 follows:

14 12 347A.1 REVENUE BONDS == TRUSTEES == ADMINISTRATION.

14 13 1. A county having a population less than one hundred  
14 14 fifty thousand may issue revenue bonds for a county hospital  
14 15 as provided in section 331.461, subsection 2, paragraph "e".

14 16 2. a. The administration and management of the hospital  
14 17 shall be vested in a board of hospital trustees consisting of  
14 18 five or seven members. Appointments for a five-member board  
14 19 shall be made by the board of supervisors from among the  
14 20 resident citizens of the county with reference to their  
14 21 fitness for office, and not more than two of the trustees  
14 22 shall be residents of the same township. ~~Expansion from a~~  
14 23 ~~five-member to a seven-member board of trustees shall occur~~  
14 24 ~~only on approval of a majority of the five-member board of~~  
14 25 ~~trustees. The five-member board of trustees shall appoint~~  
14 26 ~~members to the additional vacancies; one appointee shall serve~~  
14 27 ~~until the succeeding general election and the other appointee~~  
14 28 ~~shall serve until the second succeeding general election at~~  
14 29 ~~which times successors shall be elected.~~

14 30 b. The trustees shall hold office until the next  
14 31 succeeding election, at which time their successors shall be  
14 32 elected, two for a term of two years, two for a term of four  
14 33 years and one for a term of six years, and thereafter their  
14 34 successors shall be elected for regular terms of six years  
14 35 each. Vacancies ~~in~~ on the board of trustees may be filled in  
15 1 the same manner as original appointments, to hold office until  
15 2 the vacancies are filled pursuant to section 69.12.

15 3 c. The trustees shall qualify by taking the usual oath of  
15 4 office as provided in chapter 63, but no bond shall be  
15 5 required of them. The trustees shall receive no compensation  
15 6 but shall be reimbursed for all expenses incurred by them ~~with~~  
15 7 ~~the approval of the board of trustees~~ in the performance of  
15 8 their duties.

15 9 d. The board first appointed shall organize promptly  
15 10 following its appointment, and shall serve until successors  
15 11 are elected and qualified; ~~thereafter.~~ Thereafter, and no  
15 12 later than December 1 of each year, the board shall reorganize  
15 13 by the appointment of a chairperson, secretary, and treasurer.  
15 14 ~~The secretary and treasurer shall each file with the~~  
15 15 ~~chairperson of the board a surety bond in the amount the board~~  
15 16 ~~of trustees requires, with sureties to be approved by the~~  
15 17 ~~board of trustees, for the use and benefit of the county~~  
15 18 ~~hospital. The reasonable cost of the bonds shall be paid from~~  
15 19 ~~the operating funds of the hospital. The secretary shall~~  
15 20 ~~report to the county auditor and the county treasurer the~~  
15 21 ~~names of the chairperson, secretary, and treasurer of the~~  
15 22 ~~board as soon as practicable after the appointment of each.~~

15 23 ~~The treasurer of the county hospital shall receive and~~  
15 24 ~~disburse all funds. Warrants shall be drawn by the secretary~~  
15 25 ~~and countersigned by the chairperson of the board after the~~  
15 26 ~~claim has been certified by the board. However, the board may~~  
15 27 ~~adopt purchasing regulations to govern the purchase of~~  
15 28 ~~specified goods and services without the prior certification~~  
15 29 ~~of the board. The purchasing regulations shall conform to~~  
15 30 ~~generally accepted practices followed by purchasing officers.~~  
15 31 ~~The treasurer of the county hospital shall keep an accurate~~  
15 32 ~~account of all receipts and disbursements and shall register~~  
15 33 ~~all orders drawn and reported by the secretary, showing the~~  
15 34 ~~number, date, to whom drawn, the fund upon which drawn, the~~  
15 35 ~~purpose, and amount. The secretary of the board of trustees~~  
16 1 ~~shall file with the board on or before the tenth day of each~~  
16 2 ~~month, a complete statement of all receipts and disbursements~~  
16 3 ~~from all funds during the preceding month, and also the~~  
16 4 ~~balance remaining on hand in all funds at the close of the~~  
16 5 ~~period covered by the statement.~~

16 6 e. Expansion from a five-member to a seven-member board of  
16 7 trustees shall occur only on approval of a majority of the  
16 8 five-member board of trustees. The five-member board of  
16 9 trustees shall appoint members to the additional vacancies;  
16 10 one appointee shall serve until the succeeding general  
16 11 election, and the other appointee shall serve until the second  
16 12 succeeding general election at which times successors shall be  
16 13 elected.

16 14 3. a. Before the fifteenth day of each month, the county  
16 15 treasurer shall give notice to the chairperson of the board of  
16 16 trustees, or the chairperson's designee, of the amount of  
16 17 revenue collected for each fund of the hospital to the first  
16 18 day of that month and the county treasurer shall pay the taxes  
16 19 to the treasurer of the hospital as provided in section  
16 20 331.552, subsection 29.

16 21 b. The hospital administrator, or the administrator's  
16 22 designee, shall ensure that all accounts, funds, reports, and  
16 23 financial statements of the county hospital conform to  
16 24 generally accepted accounting principles as established by the  
16 25 governmental accounting standards board.

16 26 c. The hospital administrator, or the administrator's  
16 27 designee, shall file a financial report with the board of  
16 28 hospital trustees on or before the date of each regularly  
16 29 scheduled board meeting for the period of time since the  
16 30 board's previous regularly scheduled meeting.

16 31 4. a. The board of hospital trustees may employ, fix the  
16 32 compensation of, and remove at pleasure professional,  
16 33 technical, and other employees as it deems necessary for the  
16 34 operation and maintenance of the hospital, and disbursement of  
16 35 funds for operation and maintenance shall be made upon order  
17 1 and approval of the board of hospital trustees. A county  
17 2 hospital may include a nurses home and nurses training school.  
17 3 The board of trustees shall make all rules and regulations  
17 4 governing its meetings and the management, government, and  
17 5 operation of the county hospital and shall fix charges for the  
17 6 services furnished so that the revenues will be at all times  
17 7 sufficient in the aggregate to provide for the payment of the  
17 8 interest on and principal of all revenue bonds issued and  
17 9 outstanding for the hospital, and for the payment of all  
17 10 operating and maintenance expenses of the hospital.

17 11 The board of hospital trustees may establish a fund for  
17 12 depreciation as a separate fund. Depreciation fund moneys may  
17 13 be invested in United States government bonds and the  
17 14 accumulation of interest on the bonds shall be used for the  
17 15 purposes of the depreciation fund. The moneys shall remain  
17 16 invested in the bonds until the board of hospital trustees  
17 17 determines the moneys shall be used for hospital purposes.

17 18 b. The board of trustees shall have all of the powers and  
17 19 duties necessary to manage, control, and govern the county  
17 20 hospital including but not limited to any applicable powers  
17 21 and duties granted boards of trustees under other provisions  
17 22 of the Code relating to hospitals, nursing homes, assisted or  
17 23 independent living services, and other ancillary services  
17 24 irrespective of the chapter of the Code under which such  
17 25 institutions are established, organized, operated, or  
17 26 maintained, unless such provisions are in conflict with this  
17 27 section.

17 28 Sec. 16. Section 392.6, Code 2009, is amended to read as  
17 29 follows:

17 30 392.6 HOSPITAL OR HEALTH CARE FACILITY TRUSTEES.

17 31 1. If a hospital or health care facility is established by  
17 32 a city, the city shall by ordinance provide for the election,  
17 33 at a general, city, or special election held pursuant to  
17 34 section 39.2, subsection 4, paragraph "b", of three trustees,  
17 35 whose terms of office shall be four years. However, at the  
18 1 first election, three shall be elected and hold their office,  
18 2 one for four years and two for two years, and they shall by  
18 3 lot determine their respective terms. A candidate for  
18 4 hospital or health care facility trustee must be a resident of  
18 5 the hospital or health care facility service area within the  
18 6 boundaries of the state at the time of the election at which  
18 7 the person's name appears on the ballot. A board of trustees  
18 8 elected pursuant to this section shall serve as the sole and  
18 9 only board of trustees for any and all institutions  
18 10 established by a city as provided for in this section.

18 11 2. Cities maintaining an institution as provided for in  
18 12 this section which have a board of trustees consisting of  
18 13 three or five members may by ordinance increase the number of  
18 14 members to five or seven. The ordinance shall provide for the  
18 15 immediate appointment of the additional members necessary to  
18 16 establish a five-member or seven-member board and shall  
18 17 provide that, of the additional members added to the board by  
18 18 appointment, one-half of the additional members added shall  
18 19 serve until the next succeeding general or regular city  
18 20 election, and the remaining additional members shall serve  
18 21 until the second succeeding general or regular city election.  
18 22 The ordinance shall also provide that the determination of  
18 23 which election an appointed additional member shall be  
18 24 required to seek election be determined by lot. Thereafter,

18 25 the terms of office of such additional members shall be four  
18 26 years. However, if a city has adopted an ordinance which  
18 27 increases the number of members of the board of trustees to  
18 28 five or seven members and the terms of office of four of the  
18 29 five members or six of the seven members end in the same year,  
18 30 the date of expiration of the term of one of the four members  
18 31 or two of the six members, to be determined by lot, shall be  
18 32 extended by an additional two years.

18 33 3. a. Terms of office of trustees elected pursuant to  
18 34 general or regular city elections shall begin at noon on the  
18 35 first day in January which is not a Sunday or legal holiday.  
19 1 Terms of office of trustees appointed to fill a vacancy or  
19 2 elected pursuant to special elections shall begin at noon on  
19 3 the tenth day after appointment or the special election which  
19 4 is not a Sunday or legal holiday. The trustees shall begin  
19 5 their terms of office by taking the oath of office, and  
19 6 organize as a board by the election of one of ~~their number~~  
19 7 trustee as chairperson, one trustee as treasurer, and one  
19 8 trustee as secretary, ~~but no bond shall be required of them.~~  
19 9 Terms of office of trustees shall extend to noon on the first  
19 10 day in January which is not a Sunday or legal holiday or until  
19 11 their successors are elected and qualified.

19 12 b. Vacancies on the board of trustees may, until the next  
19 13 general or regular city election, be filled by appointment by  
19 14 ~~the remaining members of the board of trustees, unless within~~  
19 15 ~~fourteen days after the appointment is made, there is filed~~  
19 16 ~~with the city clerk a petition which requests a special~~  
19 17 ~~election to fill the vacancy in the same manner as provided in~~  
19 18 ~~section 347.10. Trustees who are appointed to fill a vacancy~~  
19 19 ~~or who are elected at special elections shall serve the~~  
19 20 ~~unexpired terms of office or until their successors are~~  
19 21 ~~elected and qualified. An appointment made under this~~  
19 22 ~~paragraph shall be for the unexpired balance of the term of~~  
19 23 ~~the preceding trustee. If a board member is absent for four~~  
19 24 ~~consecutive regular board meetings, without prior excuse, the~~  
19 25 ~~member's position shall be declared vacant and filled as set~~  
19 26 ~~out in this paragraph.~~

19 27 ~~The treasurer of the board of trustees shall receive and~~  
19 28 ~~disburse all funds under the control of the board as ordered~~  
19 29 ~~by it. The treasurer shall give bond in a form and amount as~~  
19 30 ~~determined by the board in its discretion.~~

19 31 4. ~~No~~ A trustee shall not receive any compensation for  
19 32 services performed under this chapter, but a trustee may  
19 33 receive reimbursement shall be reimbursed for any cash  
19 34 expenses actually made for personal expenses incurred as  
19 35 trustee, but an itemized statement of all expenses and moneys  
20 1 paid out shall be made under oath by each of the trustees and  
20 2 filed with the secretary and allowed only by the affirmative  
20 3 vote of the full board actual and necessary expenses incurred  
20 4 in performance of the trustee's duties.

20 5 5. The board of trustees shall be vested with authority to  
20 6 provide for the management, control, and government of the  
20 7 city hospital or health care facility established as permitted  
20 8 by this section, and shall provide all needed rules for the  
20 9 economic conduct thereof and shall annually prepare a  
20 10 condensed statement of the total receipts and expenditures for  
20 11 the hospital or health care facility and cause the same to be  
20 12 published in a newspaper of general circulation in the city in  
20 13 which the hospital or health care facility is located. ~~In the~~  
20 14 ~~management of the hospital or health care facility no~~  
20 15 ~~discrimination shall be made against practitioners of any~~  
20 16 ~~school of medicine recognized by the laws of the state.~~

20 17 ~~As a part of the board's authority it may accept property~~  
20 18 ~~by gift, devise, bequest or otherwise; and, if the board deems~~  
20 19 ~~it advisable, may, at public sale, sell or exchange any~~  
20 20 ~~property so accepted upon a concurring vote of a majority of~~  
20 21 ~~all members of the board of trustees, and apply the proceeds~~  
20 22 ~~thereof, or property received in exchange therefor, to any~~  
20 23 ~~legitimate hospital or health care facility purpose.~~

20 24 ~~The trustees may in their discretion establish a fund for~~  
20 25 ~~depreciation as a separate fund. Said funds may be invested~~  
20 26 ~~in United States government bonds and when so invested the~~  
20 27 ~~accumulation of interest on the bonds so purchased shall be~~  
20 28 ~~used for the purposes of the depreciation fund; an investment~~  
20 29 ~~when so made shall remain in United States government bonds~~  
20 30 ~~until such time as in the judgment of the board of trustees it~~  
20 31 ~~is deemed advisable to use the funds for hospital or health~~  
20 32 ~~care facility purposes.~~

20 33 6. Boards of trustees of institutions provided for in this  
20 34 section are granted all of the powers and duties necessary for  
20 35 the management, control, and government of the institutions,

21 1 specifically including but not limited to any applicable  
21 2 powers and duties granted boards of trustees under other  
21 3 provisions of the Code relating to hospitals, nursing homes,  
21 4 assisted or independent living services, and custodial homes  
21 5 other ancillary services irrespective of the chapter of the  
21 6 Code under which such institutions are established, organized,  
21 7 operated, or maintained, unless such provisions are in  
21 8 conflict with this section.

21 9 Sec. 17. Sections 347.18, 347.28, 347.29, 347.30, and  
21 10 347A.5, Code 2009, are repealed.

21 11 EXPLANATION

21 12 This bill makes changes to Code section 37.9 relating to  
21 13 memorial hospitals, Code chapters 347 and 347A relating to  
21 14 county hospitals, and Code section 392.6 relating to city  
21 15 hospitals and health care facilities.

21 16 The bill amends Code section 37.9 relating to memorial  
21 17 hospital commissioners by removing the requirement that the  
21 18 secretary and the treasurer file a surety bond, modifying the  
21 19 memorial hospital commissioner's meeting requirements, and  
21 20 providing that commissioners of a memorial hospital have, in  
21 21 addition to the duties and powers necessary to manage the  
21 22 hospital, all of the applicable powers and duties under other  
21 23 chapters of the Code necessary to provide certain services.

21 24 The bill amends Code section 347.7, relating to county  
21 25 hospital property tax levies, to include notice and public  
21 26 hearing provisions required before hospital funds may be used  
21 27 for enhancement of rural health services. These provisions  
21 28 are currently applicable to Code section 347.7 by reference in  
21 29 Code section 347.30.

21 30 The bill amends Code section 347.9 by moving the provisions  
21 31 relating to conflicts of interest for county hospital trustees  
21 32 to new Code section 347.9A. The bill removes trustee  
21 33 eligibility restrictions based on indirect compensation

21 34 received from a county hospital or a person contracting for  
21 35 services with the hospital. The conflict of interest  
22 1 provisions are also amended to allow a trustee or a trustee's  
22 2 spouse to have a direct interest of less than \$1,500 or an  
22 3 indirect interest in a transaction with the county hospital if  
22 4 the material facts of the transaction are disclosed to the  
22 5 board of trustees, the board of trustees authorizes, approves,  
22 6 or ratifies the transaction, and the transacting was fair to  
22 7 the hospital at the time of the transaction.

22 8 The bill amends Code section 347.10 by specifying that  
22 9 appointments made to the board of trustees are for the  
22 10 unexpired balance of the term of the preceding trustee.

22 11 The bill amends Code section 347.11 by removing the  
22 12 requirement that the secretary and treasurer of the board of  
22 13 trustees file a surety bond with the chairperson of the board.

22 14 The bill amends Code section 347.12 by striking provisions  
22 15 requiring the treasurer of the county hospital to receive and  
22 16 disburse all funds, striking provisions requiring board  
22 17 certification on payment of claims, striking the requirement  
22 18 that the chairperson sign warrants drawn by the secretary of  
22 19 the board, and striking provisions relating to the adoption of  
22 20 regulations allowing certain purchases to be made without  
22 21 prior certification by the board of trustees. The bill also  
22 22 amends requirements related to the financial report submitted  
22 23 to the board of trustees. The bill directs the hospital  
22 24 administrator, or the administrator's designee, to ensure that  
22 25 all accounts, funds, reports, and financial statements of the  
22 26 county hospital conform to generally accepted accounting  
22 27 principles.

22 28 Current Code sections 347.13 and 347.14 contain provisions  
22 29 relating to the powers and duties of the board of hospital  
22 30 trustees. The Code sections are stricken and rewritten to  
22 31 segment them into one Code section on the duties of the board  
22 32 of trustees and one Code section on the powers of the board of  
22 33 trustees. Some provisions of these Code sections were deleted  
22 34 in their entirety and not rewritten into either of the new  
22 35 Code sections. These include provisions in Code section  
23 1 347.13 relating to bidding and contracting requirements  
23 2 prescribed by the board of trustees for procurement of  
23 3 hospital equipment and supplies, supervisory duties over the  
23 4 hospital grounds and buildings, providing rooms for detention  
23 5 and examination of certain persons, providing certain annual  
23 6 financial statements to the county board of supervisors, the  
23 7 requirement of voter approval of a proposition to sell or  
23 8 lease certain sites and buildings, and a provision relating to  
23 9 the leasing of former tuberculosis sanatorium facilities.

23 10 Code section 347.13 is further amended to add that if a  
23 11 board of trustees authorizes additional health care services,

23 12 assisted or independent living services, or other ancillary  
23 13 services, the board of trustees is granted all of the powers  
23 14 and duties necessary to provide those services, including  
23 15 duties and powers of an entity that provides such services  
23 16 under other provisions of the Code.  
23 17 The bill also amends Code section 347.13 by adding  
23 18 provisions that require the trustees to exercise fiduciary  
23 19 duties in accordance with the requirements for directors of a  
23 20 nonprofit corporation, require trustees to control the  
23 21 hospital's funds in accordance with the uniform management of  
23 22 institutional funds Act, and limit county hospital investments  
23 23 to those investments specified in Code section 12B.10 and  
23 24 common stock.  
23 25 Provisions deleted in their entirety from Code section  
23 26 347.14 and not rewritten into either of the new Code sections  
23 27 include provisions relating to establishing facilities for  
23 28 isolation and detention of persons subject to quarantine,  
23 29 determining which hospital services are available to  
23 30 nonresidents, naming the hospital, caring for persons  
23 31 afflicted with tuberculosis, and operating a psychiatric  
23 32 department in connection with the hospital.  
23 33 The bill also amends Code section 347.14 by providing the  
23 34 board of trustees authority to, in a manner other than by  
23 35 public sale, sell, lease, exchange, or otherwise dispose of  
24 1 hospital property upon a majority vote of the board of  
24 2 trustees, by specifying how the proceeds of such a sale,  
24 3 lease, exchange, or other disposition may be used, and by  
24 4 adding provisions that allow a board of trustees to enter into  
24 5 a design-build contract for construction projects using a  
24 6 competitive selection process.  
24 7 The bill also removes the requirement that the board of  
24 8 trustee's depreciation fund be invested in United States  
24 9 government bonds.  
24 10 By operation of law, Code sections 347.13 and 347.14 apply  
24 11 to the board of trustees of an area hospital in Code chapter  
24 12 145A.  
24 13 The bill amends Code section 347.16 by striking a provision  
24 14 relating to the authority of a public hospital to provide care  
24 15 and treatment to persons afflicted with tuberculosis.  
24 16 The bill repeals Code sections 347.18 and 347A.5. These  
24 17 Code sections prohibit discrimination against the  
24 18 practitioners of any recognized school of medicine, allow a  
24 19 patient to employ at the patient's expense any physician  
24 20 selected by the patient, and allow the selected physician to  
24 21 have exclusive charge over the treatment of the patient and to  
24 22 determine the attending nurses.  
24 23 The bill amends Code section 347.19, relating to trustee  
24 24 compensation, by striking the requirement that an itemized  
24 25 statement of expenses incurred by a trustee must be filed with  
24 26 the secretary of the board, and that the statement of expenses  
24 27 is subject to approval of the board.  
24 28 The bill repeals Code section 347.28 relating to the sale  
24 29 or lease of hospital property which is not needed for hospital  
24 30 purposes. The bill repeals Code section 347.29 relating to  
24 31 the use of property received by gift, devise, or bequest and  
24 32 to the use of the proceeds from the sale of such property.  
24 33 The bill also repeals Code section 347.30, relating to notice  
24 34 and public hearing requirements when selling or leasing  
24 35 certain real property.  
25 1 By operation of law, the changes made by the bill to Code  
25 2 chapter 347 apply to area hospitals organized under Code  
25 3 chapter 145A and may apply to hospitals or health care  
25 4 facilities established under Code section 392.6.  
25 5 The bill amends Code section 347A.1 relating to the funding  
25 6 and administration of county hospitals. The bill removes the  
25 7 requirement that the secretary and treasurer file a surety  
25 8 bond and makes changes to the financial accounting and  
25 9 reporting requirements so they are similar to the requirements  
25 10 under Code section 347.12 as amended in the bill. The bill  
25 11 also removes provisions relating to the board of hospital  
25 12 trustee's powers to make certain personnel decisions and to  
25 13 establish a depreciation fund. However, the bill provides the  
25 14 board of trustees additional authority to make rules and  
25 15 regulations related to the management and government of the  
25 16 hospital and authorizes additional powers and duties relating  
25 17 to hospitals, nursing homes, and assisted or independent  
25 18 living services.  
25 19 The bill amends Code section 392.6 relating to city  
25 20 hospitals. The bill makes changes to the provisions relating  
25 21 to filling vacancies on the board of trustees by appointment  
25 22 and to reimbursement of expenses, and makes changes similar to

25 23 those made in the bill for county hospitals.  
25 24 LSB 1162HC 83  
25 25 md/sc/5.2